

GENERAL ORDINANCE NO. G- 12-90

AN ORDINANCE establishing the Department of Internal Audit and setting forth the conditions and specifics under which said office shall function.

WHEREAS, expanded scope auditing independently reviews, evaluates and reports on the financial conditions, the accuracy of financial record keeping, compliance with applicable laws, policies, guidelines and procedures, and efficiency and effectiveness of operations; and

WHEREAS, management and employees in the public sector are responsible for taxpayer and ratepayer remitted resources and should be held accountable for their use; and

WHEREAS, it is vital to effective government that the government exercise its power and perform its duties in compliance with law, policy, and established procedures and apply good judgment and sound management practices; and

WHEREAS, the independence and public accountability of a Department of Internal Audit can be assured by provision of an independent Director of Internal Audit.

NOW, THEREFORE, BE IT ORDERED THAT:

SECTION 1. The Department of Internal Audit is hereby established.

SECTION 2. The Director of Internal Audit shall be named by the Mayor and ratified by a majority vote of the Audit Committee.

SECTION 3. The Director of Internal Audit shall be a person able to manage a professional audit staff, analyze financial records, evaluate operations for economy, efficiency and program results. The Director of Internal Audit shall be a licensed CPA in the State of Indiana.

SECTION 4. The Director of Internal Audit shall not be actively involved in partisan political activities.

SECTION 5. The Director of Internal Audit may be removed for cause by the Mayor if removal is ratified by at least two-thirds vote of the Audit Committee.

SECTION 6. An Audit Committee is hereby established to consult with the Department of Internal Audit regarding technical issues and to work to assure maximum coordination between the work of the Director of Internal Audit and the needs of the Mayor and the Common Council. The Audit Committee for the City of Fort Wayne shall consist of the following members: a member of the Allen County Chapter of the Institute of Internal Auditors and recommended to the Mayor by that body for a three year term; a member of the Allen County Bar Association with experience in governmental finance issues and recommended to the Mayor by that body for an initial two year term (with subsequent terms to be for three years); a chief financial officer of a local governmental unit as recommended to the Mayor by the State Board of Account's local office for an initial one year term (with subsequent terms to be for three years); a representative from the Mayor's Office for a one year term; and, one member to be appointed by the Common Council for a one year term. Members may be reappointed.

SECTION 7. The Director of Internal Audit and the Department of Internal Audit will adhere to generally accepted government auditing standards in conducting their work and will be considered independent as defined by those standards.

SECTION 8. The Director of Internal Audit and the Department of Internal Audit are charged with the following responsibilities:

(A.) Assistants and employees

The Director of Internal Audit shall have such assistants and employees as are necessary to perform duties provided by the Audit Committee or Mayor.

(B.) Scope of audits

(i) The Director of Internal Audit shall have responsibility to conduct expanded scope audits of all departments, office boards, activities and agencies of the City of Fort Wayne and City Utilities.

(ii) Audits shall be conducted in accordance with generally accepted government auditing standards applicable to financial and performance audits.

(C.) Annual audit plan

(i) At the beginning of each calendar year, the Director of Internal Audit shall submit an annual audit plan to the Audit Committee for review. The plan shall include the departments, offices, boards, activities and agencies scheduled for audit during the year. This plan may be amended during the year after review with the Audit Committee. Additionally, the Director of Internal Audit may initiate and conduct any other audit he or she deems necessary.

(ii) In the selection of audit areas, the determination of audit scope and the timing of audit work, the Director of Internal Audit should consult with federal and state auditors and independent auditors so that the desirable audit coverage is provided and audit effort may be properly coordinated.

(D.) Special audits

(i) The Mayor, the Controller, or the Common Council by a two-thirds (2/3) vote of that body, may request the Director of Internal Audit to perform special audits that are not included in the annual audit plan. After consultation with the Audit Committee, a special audit requested by the Mayor or the Controller may become an amendment to the annual audit plan.

(ii) The Director of Internal Audit shall submit the report of the special audit to the Mayor and the Controller and shall provide copies of the report to the Audit Committee.

(E.) Funding

Sufficient funds shall be provided to carry out the responsibilities specified herein. Annually, beginning in 1990 for the 1991 Budget, the Audit Committee shall recommend a Budget to the Mayor for submission to the Common Council.

(F.) Records

The Department of Internal Audit shall retain for at least six years a complete file of each audit report and each report of other examinations, investigations, surveys and reviews made under legislative authority. The file should include audit workpapers and other supportive material directly pertaining to the audit report.

(G.) Access to records and property

All officers and employees of the City of Fort Wayne and City Utilities shall furnish the Director of Internal Audit with requested information and records within their custody regarding powers, duties, activities, organization, property, financial transaction and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the Director of Internal Audit to inspect all property, equipment and facilities within their custody.

SECTION 9. Audit Reports

(A.) Each audit will result in a written report.

(B.) The Director of Internal Audit shall submit each audit report to the audited agency, City Council, Mayor and Audit Committee and shall retain a copy in his/her office as a permanent record.

(C.) If appropriate, the audit report shall contain the professional opinion of the Director of Internal Audit or the contract auditor concerning the financial statements issued by the audited agency or if the audit is an expanded scope audit the report will contain the professional conclusions of the audit regarding the management activities audited.

(D.) The Director of Internal Audit shall include in the audit reports:

- (i) a precise statement of the scope encompassed by the audit;
- (ii) a statement that the audit was performed in accordance with generally accepted government auditing standards;
- (iii) a statement that an examination for compliance with applicable laws, policies and regulations was conducted and presentation of the findings associated with that examination;
- (iv) a statement of the significant audit findings, including a statement of the underlying cause, evaluative criteria used and the current and prospective significance of the findings;
- (v) a statement that internal control systems were examined and a report of any material weaknesses found in the internal control systems;
- (vi) statements of response submitted by the audited department, board or agency relevant to the audit findings;

(vii) a concise statement of the corrective actions previously taken or contemplated as a result of the audit findings and a time table for their accomplishment;

(viii) recommendations for additional necessary or desirable action.

(E.) Agency response

A final draft of the audit report will be forwarded to the audited agency and the Mayor for review and comment before it is released. The agency must respond in writing specifying agreement with audit findings and recommendations or reasons for disagreement with findings and/or recommendations, plans for implementing solutions to identified problems and a time table to complete such activities. The response must be forwarded to the Director of Internal Audit within thirty (30) days. The Director of Internal Audit will include the full text of the agency's response in the report. The report shall then be available for public release.

SECTION 10. Report of Irregularities

If the Director of Internal Audit detects apparent violations of law or apparent instances of misfeasance or nonfeasance by an officer or employee or information that indicates derelictions may be reasonably anticipated, the Director of Internal Audit shall report the irregularities in writing to the Audit Committee and to the Mayor. If the irregularity is suspected to be criminal in nature, the Director of Internal Audit shall notify the appropriate prosecuting authority in addition to those previously cited.

SECTION 11. Contract auditors, consultants, and experts

Upon approval of the Audit Committee, and in accordance with the City of Fort Wayne consulting ordinance,

1 the Director of Internal Audit may obtain the services of
2 certified or registered public accountants, certified or
3 registered in the state, qualified management consultants, or
4 other professional experts necessary to perform the Director
5 of Internal Audit's duties. An audit that is performed by
6 contract must be conducted by persons who have no financial
7 interests in the affairs of the governmental unit or its
8 officers. The Director of Internal Audit will coordinate and
9 monitor auditing performed by public accounting or other
10 organizations employed under contract by the City of Fort
11 Wayne and City Utilities to assist with audit related
12 activities.

13 SECTION 12. Should any provision (section,
14 paragraph, sentence, clause, or any other portion) of this
15 ordinance be declared by a court of competent jurisdiction to
16 be invalid for any reason, the remaining provisions shall not
17 be affected, if and only if such remaining provisions can,
18 without the invalid provision or provisions, be given the
19 effect intended by the Council in adopting this ordinance.
20 To this end the provisions of this ordinance are severable.

21
22 SECTION 13. That this Ordinance shall be in full
23 force and effect from and after its passage and any and all
24 necessary approval by the Mayor.

25 Thomas C. Henry
26 Councilmember
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1 BILL NO. G- 90-04- 02

2 GENERAL ORDINANCE NO. G- _____

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4 of Internal Audit and setting forth the
5 conditions and specifics under which
6 said office shall function.

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8 reviews, evaluates and reports on the financial conditions,
9 the accuracy of financial record keeping, compliance with
10 applicable laws, policies, guidelines and procedures, and
11 efficiency and effectiveness of operations; and

12 WHEREAS, management and employees in the public
13 sector are responsible for taxpayer and ratepayer remitted
14 resources and should be held accountable for their use; and

15 WHEREAS, it is vital to effective government that
16 the government exercise its power and perform its duties in
17 compliance with law, policy, and established procedures and
18 apply good judgment and sound management practices; and

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12 recommended to the Mayor by that body for a three year term;
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14 in governmental finance issues and recommended to the Mayor
15 by that body for an initial two year term (with subsequent
16 terms to be for three years); a chief financial officer of
17 a local governmental unit as recommended to the Mayor by the
18 State Board of Account's local office for an initial one
19 year term (with subsequent terms to be for three years); a
20 representative from the Mayor's Office for a one year term;
21 and, one member to be appointed by the Common Council for a
22 one year term. Members may be reappointed.

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professional conclusions of the audit regarding the management activities audited.

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PAGE 7

1 performed by contract must be conducted by persons who have
2 no financial interests in the affairs of the governmental
3 unit or its officers. The Director of Internal Audit will
4 coordinate and monitor auditing performed by public
5 accounting or other organizations employed under contract by
6 the City of Fort Wayne and City Utilities to assist with
7 audit related activities.

8 SECTION 12. Should any provision (section,
9 paragraph, sentence, clause, or any other portion) of this
10 ordinance be declared by a court of competent jurisdiction
11 to be invalid for any reason, the remaining provisions shall
12 not be affected, if and only if such remaining provisions
13 can, without the invalid provision or provisions, be given
14 the effect intended by the Council in adopting this
15 ordinance. To this end the provisions of this ordinance are
16 severable.

17 SECTION 13. That this Ordinance shall be in full
18 force and effect from and after its passage and any and all
19 necessary approval by the Mayor.

20
21 
Councilmember

22 APPROVED AS TO FORM
23 AND LEGALITY

24 
25 J. Timothy McCaulay, City Attorney
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Read the first time in full and on motion by Henry, seconded by Delmon, and duly adopted, read the second time by title and referred to the Committee on Finance (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Conference Room 128, City-County Building, Fort Wayne, Indiana, on _____, the _____, day of _____, 19____, at _____ o'clock 11 .M., E.S.T.

DATED: 4-10-90

Sandra E. Kennedy
SANDRA E. KENNEDY, CITY CLERK

Read the third time in full and on motion by Delmon, seconded by Henry, and duly adopted, placed on its passage. PASSED ~~lost~~ by the following vote:

	AYES	NAYS	ABSTAINED	ABSENT
TOTAL VOTES	<u>9</u>			
BRADBURY	<u>✓</u>			
BURNS	<u>✓</u>			
EDMONDS	<u>✓</u>			
GIAQUINTA	<u>✓</u>			
HENRY	<u>✓</u>			
LONG	<u>✓</u>			
REDD	<u>✓</u>			
SCHMIDT	<u>✓</u>			
TALARICO	<u>✓</u>			

DATED: 4-24-90

Nadine Eschaff
SANDRA E. KENNEDY, CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ANNEXATION) (APPROPRIATION) (GENERAL) (SPECIAL) (ZONING MAP) ORDINANCE RESOLUTION NO. 2-12-90 on the 24th day of April, 1990,

ATTEST

SEAL

Nadine Eschaff
SANDRA E. KENNEDY, CITY CLERK

Charles S. Reed
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 25th day of April, 1990, at the hour of 11:30 o'clock A. .M., E.S.T.

Nadine Eschaff
SANDRA E. KENNEDY, CITY CLERK

Approved and signed by me this 27th day of April, 1990, at the hour of 10:30 o'clock A. .M., E.S.T.

PAUL HELMKE
PAUL HELMKE, MAYOR

Admn. Appr. _____

DIGEST SHEET

TITLE OF ORDINANCE INTERNAL AUDIT ORDINANCE

9-90-04-02
(as amended)

DEPARTMENT REQUESTING ORDINANCE MAYOR'S OFFICE

SYNOPSIS OF ORDINANCE ESTABLISHES DEPARTMENT OF INTERNAL AUDIT AND

INTERNAL AUDIT REVIEW COMMITTEE.

EFFECT OF PASSAGE IMPROVED INTERNAL MONITORING PROVISIONS WILL

BE IN PLACE

EFFECT OF NON-PASSAGE CURRENT SYSTEM TO REMAIN

MONEY INVOLVED (DIRECT COSTS, EXPENDITURES, SAVINGS) _____

ASSIGNED TO COMMITTEE (PRESIDENT) _____

BILL NO. G-90-04-02 *as Amended*

*Committee
of
Whole*

REPORT OF THE COMMITTEE ON FINANCE

THOMAS C. HENRY, CHAIRMAN
DONALD J. SCHMIDT, VICE CHAIRMAN
BRADBURY, BURNS, GiaQUINTA

WE, YOUR COMMITTEE ON FINANCE TO WHOM WAS

REFERRED AN (ORDINANCE) (~~RESOLUTION~~) establishing the
Department of Internal Audit and setting forth the conditions
and specifics under which said office shall function

HAVE HAD SAID (ORDINANCE) (~~RESOLUTION~~) UNDER CONSIDERATION
AND BEG LEAVE TO REPORT BACK TO THE COMMON COUNCIL THAT SAID
(ORDINANCE) (~~RESOLUTION~~)

DO PASS

DO NOT PASS

ABSTAIN

NO REC

[Handwritten signatures in blue ink: Thomas C. Henry, Donald J. Schmidt, Bradbury, Burns, GiaQuinta, Mark C. ...]

DATED:

4-24-90

Sandra E. Kennedy
City Clerk

Noted
See me
Sandy

(B.) Scope of audits

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